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No. 00-1543

In the
Supreme Court of the United States

FESTO CORPORATION,

Petitioner,

v.

SHOKETSU KINZOKU KOGYO KABUSHIKI CO., LTD., A/K/A SMC CORPORATION, AND SMC PNEUMATICS, INC.,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF AMICUS CURIAE OF THE INTELLECTUAL PROPERTY LAW ASSOCIATION OF CHICAGO IN SUPPORT OF NEITHER PARTY

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The Intellectual Property Law Association of Chicago (IPLAC) submits this brief as Amicus Curiae in the above action in support of Petitioner's request for certiorari.[1] IPLAC has the permission of the parties to submit this brief.

INTEREST OF THE AMICUS

IPLAC was founded in 1884, and is the oldest intellectual property law association in the nation. Its 820 members include law firm attorneys, sole practitioners, corporate attorneys, law school professors, and law students.

IPLAC is a not-for-profit organization dedicated to maintaining a high standard of professional ethics in the practice of patent, trademark, copyright, trade secret, and associated fields of law. A principal aim is to aid in the development and administration of these laws and the manner by which they are applied by the courts and by the United States Patent and Trademark Office (PTO). IPLAC is further dedicated to providing a medium for the exchange of views on intellectual property law between those practicing in the field and to educating the public at large.

Consistent with its stated mission, IPLAC writes to assist this Court in understanding the significant impact of the Federal Circuit's decision on the patent com-

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[1] Pursuant to Rule 37.6, IPLAC states that: (1) counsel to a party did not author this brief, in whole or in part; and (2) no person or entity other than IPLAC and its counsel made a monetary contribution to the preparation or submission of the brief.

munity, wholly apart from the immediate interests of the parties. The Federal Circuit's decision has triggered a nationwide debate unmatched in recent memory. In the Midwest, the historical center of industrial and technological development in this country, the patent community is of the strong view that the Federal Circuit's decision so dramatically alters patent law jurisprudence and patent prosecution practice that this Court must review the decision to insure that it comports with this Court's precedent, and that it represents the desired direction of patent protection and enforcement in the United States. If the decision falls short on either count, only this Court is in a position to change the course of the law.

SUMMARY OF ARGUMENT

The Federal Circuit's decision draws bright-line rules with respect to prosecution history estoppel. The decision significantly impacts: (1) owners of the 1.2 million unexpired United States patents; (2) parties to the untold number of extant patent license agreements; (3) patent law jurisprudence; (4) patent prosecution practice; and (5) research and development in the United States.

The Federal Circuit's split decision (six of the sitting judges wrote or joined separate opinions of concurrence and dissent) signals sharply diverse opinions among reasoned thinkers on the difficult issues decided. A key area of disagreement was whether the decision conflicts with decisions of this Court, especially *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997). The immediate and continuing explosion of fervent discourse in the aftermath of the Federal Circuit's decision demonstrates that the vast patent community of attorneys, educators, inventors, and industry leaders are as fractured and troubled as the Federal Circuit by the impact of that court's decision.

This Court's seasoned wisdom and authority of finality is needed to assure the public that the issues have been fully explored, and that their resolution is consistent with this Court's precedent and with sound patent jurisprudence. The issues are of such immediate significance to so many people and companies that they cannot be permitted to percolate without this Court's intervention. This is particularly so because only the Federal Circuit hears appeals in patent cases, and therefore the other Circuit Courts of Appeal will have no opportunity to weigh in on the subject.

IPLAC does not take a position here as to how this Court should ultimately rule, but only urges the Court to review the Federal Circuit's decision.

ARGUMENT

I. THIS COURT'S DECISION IN *WARNER-JENKINSON* MAKES IT VITAL THAT THIS COURT REVIEW THE FEDERAL CIRCUIT'S DECISION

As the petition points out (pp. 2, 19), the doctrine of equivalents plays a central role in nearly every patent infringement action. Under the doctrine of equivalents, "a product or process that does not literally infringe upon the express terms of a patent claim may nonetheless be found to infringe if there is 'equivalence' between the elements of the accused product or process and the claimed elements of the patented invention." *Warner-Jenkinson*, 520 U.S. at 21. The doctrine of

equivalents prevents the "unscrupulous copyist" from "mak[ing] unimportant and insubstantial changes and substitutions in the patent which, though adding nothing, would be enough to take the copied matter outside the [patent] claim, and hence outside the reach of law." *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 607 (1950).

In competition with the goal of preventing the unscrupulous copyist from taking advantage by creative hair-splitting is the equally important goal of notifying the public of the scope of a patent's claims. *Warner-Jenkinson*, 520 U.S. at 29. The doctrine of prosecution history estoppel historically has been the primary instrument for insuring that the notice goal is met. *Id.* at 33-34. Under the doctrine, a patentee is precluded "from obtaining under the doctrine of equivalents coverage of subject matter that has been relinquished during the prosecution of its patent application." *Pharmacia & Upjohn Co. v. Mylan Pharm., Inc.*, 170 F.3d 1373, 1376 (Fed. Cir. 1999).

In response to Question 1, the Federal Circuit held that an amendment made for *any* statutory requirement for patentability gives rise to prosecution history estoppel. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 566 (Fed. Cir. 2000). However, in *Warner-Jenkinson*, this Court apparently rejected such an absolute rule. Although aware that "there are a variety of other reasons why the PTO may request a change in claim language," 520 U.S. at 31, the Court concluded that its "prior cases have consistently applied prosecution history estoppel only where claims have been amended for a limited set of reasons, and we see no substantial cause for requiring a more rigid rule invoking an estoppel regardless of the reasons for a

change." *Id.* at 32. Thus, rather than adopting an absolute rule, such as that laid down by the Federal Circuit, this Court reasoned that, when deciding whether there is an estoppel, a court should "explore . . . the reason (right or wrong) for the objection and the manner in which the amendment addressed and avoided the objection." *Id.* at 33 n.7.

The Federal Circuit's response to its Question 3 also merits this Court's review in light of *Warner-Jenkinson*. The Federal Circuit responded to Question 3 by completely barring application of the doctrine of equivalents to an amended claim element. 234 F.3d at 569. Prior to this decision, almost without exception, the court followed the approach crafted by former Chief Judge Howard Markey in *Hughes Aircraft Co. v. United States*, 717 F.2d 1351 (Fed. Cir. 1983), *overruled by Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000). According to *Hughes*, prosecution history estoppel may limit a patentee's right to rely on infringement under the doctrine of equivalents "within a spectrum ranging from great to small to zero." *Id.* at 1363.

In *Warner-Jenkinson*, this Court appears to have endorsed the flexible approach of *Hughes*, which the Federal Circuit's decision overruled, 234 F.3d at 574. For example, the Court in *Warner-Jenkinson* expressed its belief that, if the doctrine of equivalents were required to be applied to each element of a claim, this alone would serve to insure that the doctrine would not encroach beyond its fair limits and diminish the public-notice function of statutory claiming. 520 U.S. at 29-30. In so stating, the Court appears to have rejected an absolute approach such as the Federal Circuit's complete bar. Indeed, as the petition points out (p. 22),

this Court in *Warner-Jenkinson* cited with apparent approval case law that quoted the flexible rule of *Hughes*.

Granting the petition is warranted: (1) to clarify whether the Federal Circuit's decision is in accord with *Warner-Jenkinson*, despite seemingly contrary language in that decision; (2) to explain why the Federal Circuit's apparent departure from this Court's precedent is appropriate, if this Court is of that view; and (3) to bring the law of prosecution history estoppel back into line with this Court's precedent, if necessary.

II. THE FEDERAL CIRCUIT'S DECISION HAS GENERATED WIDESPREAD CONCERN IN THE PATENT COMMUNITY THAT THIS COURT MUST ALLEVIATE

This Court is well aware from the petition (pp. 2-12) that not all of the judges of the Federal Circuit are in agreement with the absolute rules laid down by the majority. Indeed, there is sharp division within the Federal Circuit, particularly with respect to Question 3, as evidenced by the strong language of the numerous dissenting and concurring opinions. 234 F.3d at 591-642.

The reasons for the disagreement with the majority's decision are many, including: (1) that it is contrary to this Court's precedent, 234 F.3d at 598, 601-09 (Michel, J., dissenting), 234 F.3d at 631-34 (Newman, J., dissenting); (2) that it summarily nullifies a large body of Federal Circuit law that litigants and the patent bar have acted in reliance upon, 234 F.3d at 609-15 (Michel, J., dissenting), 234 F.3d at 634 (Newman, J., dissenting); (3) that it provides a "fail-safe" method for copyists to avoid infringement liability, 234 F.3d at 616 (Michel, J., dissenting), 234 F.3d at 626-27 (Linn, J., dissenting);

234 F.3d at 636 (Newman, J., dissenting); (4) that it seriously disadvantages without notice the holders of the 1.2 million existing patents, 234 F.3d at 618-19 (Michel, J., dissenting); (5) that it turns on its head the time-honored practice of negotiation between the patent applicant and the PTO Examiner, 234 F.3d at 617-18 (Michel, J., dissenting), 234 F.3d at 628-29 (Linn, J., dissenting); (6) that it negatively impacts the "untold number of licensing agreements that are predicated on the assumption that patent claims are still entitled to a range of equivalents," 234 F.3d at 619 (Michel, J., dissenting); (7) that it does not account for after-arising technology, 234 F.3d at 620 (Rader, J., dissenting); and (8) that it will cripple research and development, 234 F.3d at 629 (Linn, J., dissenting), 234 F.3d at 638-41 (Newman, J., dissenting).

Even one of the concurrences speculated that the decision will have the undesirable, and clearly unintended, effect of generating even more protracted patent infringement litigation. 234 F.3d at 592-93 (Plager, J., concurring).

The concern over the decision is not limited to the Federal Circuit's confines. It is no exaggeration to say that the decision triggered immediate concern, comment, debate, and disagreement in the patent community. Of course, an *en banc* decision on a key issue is expected to draw attention from those affected. The difference here, however, is that the attention has not subsided, and the views expressed evidence agitation and division among seasoned patent law practitioners, judges, and educators. Among the commentary, drawn from a random sample:

- "Many defendants currently embroiled in patent litigation may feel as if they got an early Christmas present from the court. The decision means it will be much easier for competitors to avoid liability for patent infringement, and it may have the consequence of diminishing the value of the patents owned by many individuals and corporations." Richard A. Kaplan, *Competitors Find It Easier To Avoid Liability For Infringement*, 24 THE CHICAGO LAW. 3 (2001).
- "In *Graver Tank and Mfg. Co. v. Linde Air Products Co.*, the Supreme Court commented that without benefit of the doctrine of equivalents, the patent grant would be converted to a 'hollow and useless thing.' Many in the patent community regard *Festo* as the fulfillment of the Supreme Court's prediction." William M. Atkinson, Bruce J. Rose and John A. Wasleff, *Was Festo Really Necessary?*, 83 J. PAT. & TRADEMARK OFF. SOC'Y 111, 112 (2001) (footnotes omitted).
- *Festo* "has changed the landscape for patent applicants and patent litigants more dramatically than perhaps any case in recent history." Report of Committee No. 605, Intell. Prop. L. Section, A.B.A., 2000-2001 Annual Report (forthcoming 2001) (summarized in 61 PAT. TRADEMARK & COPYRIGHT J. (BNA) 1513 (2001)).
- "Prosecution history estoppel is a powerful argument in light of the Federal Circuit's recent decision in *Festo*, a decision that essentially stops the doctrine of equivalents in its tracks." *Control Res., Inc. v. Delta Elecs., Inc.*, 133 F. Supp. 2d 121, 134 (D. Mass. 2001).

- "Small wonder, then, that intellectual tension exists as the court of the future [the Federal Circuit] struggles to impose its vision and to shape the views of those [district] courts that rightly consider themselves the prime guardians of the most vital expression of direct democracy in America today—the jury of the people." *Id.* at 124-25.
- "[T]he Federal Circuit in *Festo* has materially retarded progress in the 'useful arts.' Whether the rule of *Festo* works permanent structural harm to the patent system or is corrected on *certiorari* is now in the hands of the Supreme Court." Janice M. Mueller, *Festo Presto! The Incredible Disappearing Doctrine of Equivalents*, 3 JMLS CENTER FOR INTELL. PROP. L. NEWS SOURCE 1 (2001), at 8.
- "[I]n reality, the Federal Circuit has put a serious nail in the coffin of the doctrine of equivalents. Not that it's the wrong thing to do." Neal M. Cohen, *The Rule O'Festo*, 19 IPL NEWSL. 2 (A.B.A.), Winter 2001.
- "The result of the Federal Circuit's decision to severely limit the availability of the doctrine of equivalents to patent holders is a major shift in this balance between the inventor protection and public notice functions of patents." W. David Wallace, *Life After Festo: Guarding Against Copyists*, INTELL. PROP. TODAY, Jan. 2001, at 8.

The raging debate in the patent community and beyond is an additional reason warranting that the petition be granted. The public must be assured that this Court will intervene where needed to assess a matter of central importance to patent protection and enforce-

ment, and, more broadly, to innovation and technological development in this country.

III. THIS COURT'S REVIEW IS NEEDED TO CONSIDER THE WISDOM OR FOLLY OF THE ABSOLUTE RULES LAID DOWN BY THE FEDERAL CIRCUIT

The one point that seems to raise little disagreement is that the Federal Circuit's decision, if left to stand, will profoundly impact patent law. Whether or not that is a good thing is where the turmoil begins. This Court's intervention is needed to lend authority and finality to the important issues embraced by the decision.

For example, this Court should consider what constitutes a "substantial reason related to patentability." Should it really be as far-reaching as declared by the Federal Circuit, so that even correction of a typographical error might provoke an estoppel? Should it be limited to arguments made to overcome prior art rejections? Should it also incorporate amendments made to satisfy 35 U.S.C. § 112 written description, enablement, and best mode requirements, no matter how minor the change? Can some latitude be accorded to changes made during prosecution, while still giving sufficient notice to the public of the patent's scope?

In addition, the Court should consider whether the copyist now has the advantage in litigation and, if so, whether that is desirable, or at least an unavoidable consequence of the need for predictability. The Court should further address whether, as some charge, absolute rules such as those laid down by the Federal Circuit are an abdication of judicial responsibility. Do they constitute unacceptable legislating by the judiciary?

More immediately, the Court needs to visit the question of the enormous and unforeseen impact on the 1.2 million unexpired patents and untold number of extant license agreements. Do the rigid rules laid down by the Federal Circuit unfairly compromise patents obtained at great expense and effort in a negotiation with a PTO Examiner who probably never imagined that his or her demand for a routine change to a claim would in the future foreclose application of the doctrine of equivalents?

The Federal Circuit's decision has raised more questions and concerns than it has answered. Even if this Court ultimately decides that it agrees with the decision, the gravity and breadth of the concerns generated by the decision warrant this Court's intervention.

At this juncture, it is unnecessary to decide how these questions and differences of opinion should be resolved. What is necessary is to recognize their existence, their importance, and the need for them to be immediately and conclusively resolved by this Court. If left to simmer without this Court's intervention, unhealthy fractures will persist in the Federal Circuit, patent practitioners will remain in a quandary as to appropriate patent prosecution practice, and the public's perception of the judiciary's ability to equitably enforce the patent laws will be seriously compromised.

CONCLUSION

The Amicus respectfully urges the Court to grant the petition.

Respectfully submitted,

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